

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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1. The following is a speech¹ given by MAO Tse-tung in September 1953 to a meeting of industrialists and merchants at Yee Nien Tong:²

"New China has been established now for four years. The Resist-America-Aid-Korea Movement has come to a temporary end. This year we intend to make progress in national and economic fields. Let's, however, talk about Resist-America-Aid-Korea first. At the beginning of this movement there arose several questions. 1.) Can we fight? 2.) Can we resist? 3.) Have we enough food? 4.) Ammunition? 5.) Transportation? 6.) Blockade? 7.) Bombardment? 8.) Landings? Later, all these questions were settled. In the fight of Resist-America-Aid-Korea Movement, it was shown that on our military side, our soldiers, ammunition—all have improved greatly. Our enemy believed that they could cut off our transportation but in the end discovered it was impossible and so had to accept peace talks. What we have done, facts show!

"We have now decided to start on our National-Capitalism Movement which will be successful. During the experience of the past three years, the capitalists have shown that through the steps of National-Capitalism eventually socialism will be achieved. Our theory to achieving socialism is different from the Soviet method because, at the time the conditions of the Soviets were different from ours. The present conditions show that the path into the road of National-Capitalism is possible. What I have mentioned a few minutes ago regarding National-Capitalism has already been stated in the Provisional Constitution No. 31. only; it was not drafted very clearly. Now I can explain it better and in detail.

"For the Central Government and District Governments to reform the capitalists and merchants, is a necessary procedure in order to achieve National-Capitalism. In the program (economy) of National-Capitalism, government factories should be the leaders. Thus, it will be profitable for the nation as well as individuals.

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"This time the purpose of these two big meetings was to let everybody know more about the National-Capitalism Movement. We must progress with slow sure steps. How can this be done? 1.) To enter into National-Capitalism, we need considerable time.

"In the past three years we have already worked on this movement, and figure that it may take another five years to complete, or altogether eight years. After eight years, we still may not fully have achieved and entered into socialism. In other words, we are still far away from socialism and to achieve same will take a long time yet.

"National-Capitalism is a co-operation of the nation's capitalism and private capitalism. There are three ways of co-operation of industry: 1.) Joint-Ownership (Joint State and Private-Owned; the government has a financial interest in the business). 2.) Government-Supplied (the government supplies raw material). 3.) Government-Contracted (the government purchases by contract all finished goods).

"In China, husband-and-wife shops and stalls all in all are run by 10,000,000 people. Husband-and-wife shops can combine into co-operative concerns and so their business can enter National-Capitalism. Such as, buy for the government and, sell for the government. As CHOU En-lai has already recently said; "In regards to this movement we are still feeling our way in darkness and must consider and debate in order to find the right system.

"In the private enterprises, there are 3,800,000 people, of which, 2,000,000 are workers, and the rest are all shop staffs. In the government factories, there are 4,200,000 workers, not including the hand laborers, and small shop workers.

"The conditions in China are different from the Soviet Union because, the Soviet Union in the beginning of her New Economic Policy faced big difficulties. In China we have continuously produced and so enlarged our productions. Our policy is to help private enterprises to recover. Private enterprises have done three big jobs: 1.) Enlarged production. 2.) Saved capital for the nation. 3.) Trained many technical men for the country.

"There are certain workers who have attained for the capitalists unattainable profits. We should indoctrinate both sides. We wish to have the workers accept our policy.. convince them. The majority of capitalists and merchants also do not yet comprehend our policy clearly. We must spend more time in order to indoctrinate them. I believe indoctrination is a good thing. The majority of people turn to the better through indoctrination....The capitalist must be indoctrinated to be far-sighted. They must reform. Now is the time that we must have a strong will, and let the Progressive Capitalists show what they can do and be active. It is a Co-operation not a Land Reform.

"In these years we must admit that private enterprises have improved a lot. The Ming Chi Party has helped them a lot. I anticipate that during the first Five-Year-Plan they are going to improve more. In order to change the private capitalists into National Capitalism, I believe that five years time will be sufficient.

"It is now fully acknowledged that in the past, statistics show that the State-owned enterprises are more efficient than the private enterprises, and that in the future they will still be further improved. This is now an accepted fact.

"At the present time, the ratio of industry in the whole nation's economy is only 28 percent to 30 percent. I hope that at the conclusion of the first Five-Year-Plan the ratio of industry will rise to 60 percent, but it will still not be sufficient enough to become industrialized. We still cannot even then consider ourselves an industrialized nation.

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"To reform agriculture is more difficult. The land is big and the population large. Now there are 480,000,000 peasants. The population of the whole nation is 570,000,000. We cannot deny that we are still unable to produce motor cars and big guns. We are still very far away from being industrialized. That is why we must comprehend that we are in many ways different from the Soviet Union, yet in many ways alike.

"The private-state-owned enterprises are going to lead the others under the guidance of the state-owned enterprises, but the private-owned and state-owned enterprises will both be serving the nation. They must increase their production, cut their cost, improve their quality.

"Comrade Stalin's theory in regards to the Fundamental Economy of Socialism, in short means, "Increase production to meet the demand".

"Private-state-owned enterprises have a good example in the Ming Sun Industrial Company, but also bad ones, such as: 1.) The private part has no authority. 2.) No dividends; dividends must be given; they must be given authority and position."

2. The following is a summary of a second speech given by MAO Tse-tung on the evening of 15 September 1953:

(a) Private industries and merchants have done service to the nation. In the past they have worked together with the Communists against the Three Enemies. Now they have also done many good things for the nation and the people, such as:

- (1) Increased their production; helped the nation to supply the people's necessities.
- (2) Gathered the capital; completed the nation's tax collection. The workers gained their welfare; capitalists gained their profits, and their enterprises gained their reserve fund.
- (3) Have trained many technicians for the nation. This is why I say, "Private enterprises and merchants have done many good things. They are glorious! And the workers in private enterprises are also glorious!"

(b) In the beginning of the Nation's Large Scale Construction Plan, industry should lead. The people's demands are increasing daily; therefore it is imperative for us to increase production and in order to attain this objective we must avoid waste. That is to say, "We must improve the quality, increase the quantity and reduce the cost; also gather capital for the nation and so gradually meet the peoples' demands; at the same time capitalists will also receive their profits".

In the past there were a few questions unsolved in private enterprises. (1) Government relationship; (2) Labor problems; (3) Distribution of profits. By entering into the Economy of National Capitalism these questions will automatically be solved. The laborers must understand that private enterprises are also serving the country. I believe that the laborers and capitalists through cooperation will become more united. The capitalists must improve their system of management. The hidden abilities of the private enterprises in the past will in the future come to the fore.

In Item No. 31 of the Provisional Constitution, it is clearly stated that the private enterprises should move towards Private-State-Capitalism. I am not drafting it now. It has already been drafted long ago. Private enterprise must advance towards this path. In this way we can one day achieve the goal of socialism. In the past, many private industrialists and merchants have said: "the state-owned enterprises have formulated their plans poorly; only through National-Capitalism can we achieve the aim of the nation". We are not following the old path of capitalism.

(c) In the past, the question of private enterprise was whether there were profits or not. Some made more, some made less, others sustained losses. It is our

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hope that profits to private enterprises will be shown in the future which will be divided in accordance with the New Enterprise Law (to be divided into four parts). No interference should be made on this method of division. We also hope that factories will create affiliated factories in the interior.

Private enterprises, after earning a profit and discharging their duty to the People, will show the laborers their good-will.

Before we can enter into the State of Socialism we will require from three to four Five-Year-Plans, after which the industrialists and merchants will still have work to do. Still hold positions (voting right). Everybody's life will be good. Is that not better?

I have already stated, and I have already accomplished the means of National Capitalism. In the industry and merchant class there are some who still doubt it. It will be necessary for us to gradually indoctrinate them, and impress upon them necessity and the possibility. The first being the large and medium enterprises. More attention should be given to small enterprises. In short, we must explain and so convince them all so that they themselves will appreciate the good of all this. Their work should be arranged. We must progress with slow steps.

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Comments

1. The text of this speech as well as the summary of a second speech in paragraph 2 of this report are given as received in English.
2. This is undoubtedly Cantonese for Yen Nien T'ang (1693/1628/1016), a conference hall in the Forbidden City, Peiping.

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